

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

September 21, 2011

VMERS Members present:

STEVEN JEFFREY, Chairperson Employer Representative (term expiring July 1, 2014)

PETER AMONS, Employee Representative (term expiring July 1, 2012)

JAMES QUINN, Employee Representative (term expiring July 1, 2012) – via telephone

THOMAS GOLONKA, Governor's Appointee

ELIZABETH PEARCE, Vermont State Treasurer

Board members absent:

None

Also attending:

Cynthia Webster, Director of Retirement Policy and Outreach & Secretary to the Board – via telephone

David Driscoll, Buck Consultants – via telephone

Brian Bigelow

Ben O'Brien

Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Steven Jeffrey, called the Wednesday, September 21, 2011 meeting to order at 1:05 p.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the minutes of June 27, 2011 and June 28, 2011

On motion by Ms. Pearce, seconded by Mr. Amons, the Board unanimously voted to approve the minutes of June 27, 2011 and June 28, 2011, as amended.

The consensus of the Board was to move to Item #5 while waiting for Mr. Driscoll to join the meeting.

ITEM 2: Discuss pension privacy proposal

Ms. Webster advised the Board this item was in connection with the request from the Burlington Free Press requesting the top 100 pensions to public employees. Ms. Webster advised the Board there was one judge that was requesting a change be made to the Statute. Ms. Webster asked the Board whether they desired to weigh in on this matter. Ms. Pearce advised the Board originally the Free Press requested name, amount of pension and town, but the Treasurer's Office did not provide the towns. Ms. Pearce advised the Board that the Treasurer's Office made an attempt to contact all 100 members before the article appeared. Mr. Jeffrey requested that future retirees be advised that their pension amounts are public records and that the pension amount will be provided, if requested. The consensus of the Board was to remain neutral on this item with the understanding that addresses would not be provided.

ITEM 3: Discuss James Quinn's qualifications as Employee Representative

Mr. Quinn was congratulated by the Board on his promotion. The Board discussed Mr. Quinn's eligibility to act as an employee representative. The Board reviewed the Statute and discussed the intent of the Statute. Mr. Quinn advised the Board he believed it would be in the best interest of the Board for him to resign. Mr. Quinn indicated he would provide that resignation in writing. The Board discussed the steps that needed to be taken in order to appoint another person to the Board. Ms. Webster indicated she will send out a heat sealed mailer advising the active members that there is a position open on the Board and requesting nominations. The Board discussed the procedures that would be followed depending on how many people were nominated for the open position. The Board thanked Mr. Quinn for his service on the Board.

(Mr. Quinn left the meeting at this time.)

ITEM 4: Discuss/Act on disability retirement recommendations for:

Diane G. Flood	New
John J. Kenny	New
Troy E. Liberty	New

Ms. Webster advised the Board what options the Board had available to them concerning disability retirement requests.

On motion by Mr. Golonka, seconded by Mr. Amons, the Board unanimously voted to accept the recommendation of the MRB to allow the disability retirements for Diane G. Flood and John H. Kenny, without review and Troy E. Liberty, with a one-year review.

ITEM 5: Discuss/Act on Nancy Stevenson-Lyon's disability waiver request

Ms. Webster advised the Board Mr. Jeff Fannon requested that this item be postponed since Mr. Fannon would not be able to attend the meeting. The Board briefly reviewed Ms. Stevenson-Lyon's situation regarding the Teacher and Municipal system. The consensus of the Board was to defer this item until Mr. Fannon was available and ready to proceed.

(Mr. David Driscoll entered the meeting during this item via telephone.)

ITEM 6: Discuss new GASB Accounting for Pension Plans Proposed Rules

Ms. Pearce gave an overview of the new GASB accounting for pension plans proposed rules. Ms. Pearce described what is currently occurring and what the changes would be. There was a discussion about the Entry Age Normal actuarial methodology. There was a discussion about the funding policy. Mr. Driscoll continued the discussion about the proposed rules and answered all the questions the Board members posed. The Board was informed this would not be a requirement until 2015. There was a discussion about the difference between funding and financial reporting. There was a discussion what the fiscal years were for the different entities. There was a discussion about the liability disclosure of the employers. There was a discussion concerning the complexity of the proposed changes. There was a discussion about the added

expense relative to the actuary. Ms. Pearce indicated she and James Reardon were preparing a letter to send to the GASB Committee. The Board requested that their comments to keep the changes simple should be included. Ms. Pearce indicated she will provide a draft of the letter to the Board members before she submits it.

ITEM 7: Discuss impact of moving to Entry Age Normal actuarial methodology

This item was discussed during Item # 6.

ITEM 8: Discuss Brian Bigelow's request

(Brian Bigelow entered the meeting at this time.)

Ms. Webster gave the Board members an overview of Mr. Bigelow's request. Ms. Webster advised the Board the purchase of service credit needed to be cost neutral to the system. Mr. Driscoll further expounded on the calculations used for purchasing service credit. Mr. Bigelow indicated his belief was that the cost to purchase service credit seemed too high. There was a discussion about the difference between withdrawing contributions and purchasing prior service credit. Mr. Driscoll indicated purchases are based on the future. Ms. Webster advised the Board when a member withdraws their contributions they waive their right to receive a future benefit. It was indicated once a member withdraws their contributions they are not considered a liability by the actuary. Mr. Bigelow indicated he was well advised about the differences between the DC and DB plan. Ms. Webster reviewed what information is given to members, along with a worksheet created by Fidelity. Ms. Webster advised the Board they do not have the authority to circumvent the Statutes and have a different calculation used for Mr. Bigelow. Mr. Jeffrey asked the Board if anyone would like to make a motion relative to Mr. Bigelow's request. There was no motion made. Mr. Bigelow was thanked for his attendance at the meeting.

(Mr. Driscoll and Mr. Bigelow left the meeting at this time.)

ITEM 9: Discuss/Act on participation request of Underhill-Jericho Fire Dept

Ms. Webster provided the Board an overview of the Underhill-Jericho Fire Dept's request to join VMERS. Ms. Webster indicated she did not realize they were not a municipality until Mr. Jeffrey informed her of that fact. The Board reviewed what entities are allowed to be a municipality. The Board discussed the fact that contributions are currently being withheld from an employee from the Underhill-Jericho Fire Dept. The Board requested that in the future an entity's eligibility be determined before they are allowed to make a request to enter the VMERS system. The Board discussed ways that the Underhill-Jericho Fire Dept could become a municipality.

Mr. Golonka made a motion to accept the request of the Underhill-Jericho Fire Dept to be allowed to become a member of the VMERS system. There was no second to the motion. The motion failed since the Underhill-Jericho Fire Dept was not considered a municipality.

ITEM 10: Discuss philosophy of accelerated full funding of VMERS

Mr. Amons reviewed the *Perspective of Full Funding of VMERS as related to Retirement Health Savings Plan* handout that he provided to the Board members. The Board discussed this item further. The Board further discussed the Retirement Health Savings Plan. The Board discussed the possibility of universal health care. Ms. Pearce indicated she will call ICMA-RC to gather further information concerning the Retirement Health Savings Plan. The consensus of the Board was that Mr. Amons and Ms. Pearce would further explore this item and report back to the Board with their findings and suggestions.

ITEM 11: Any other business to come before the Board

Ms. Webster indicated that the Town of Bennington had requested a deferment of their annual payment for about two to four weeks due to the recent chain of events with Tropical Storm Irene. The Board discussed deferring the payment and waiving the interest.

On motion by Mr. Golonka, seconded by Mr. Amons, the Board unanimously voted to defer the annual payment of the Town of Bennington to November 30, 2011 and to waive the interest.

Ms. Pearce indicated there is also a new payment schedule since the recent valuation had been completed. Mr. Jeffrey indicated the Town of Bennington should be advised that if they needed a further deferral, that they should contact the Board and inform them of same.

Ms. Webster reviewed the memo prepared by Katie McSorley with the Board members. The Board discussed their opinion of the memo and requested that the memo be revised and presented to the Board again for review.

Ms. Webster indicated she will be retiring December 1, 2011. The Board discussed this further.

ITEM 12: Adjournment

On motion by Ms. Pearce, seconded by Mr. Amons, the Board unanimously voted to adjourn at 3:40 p.m.

Next Meeting Date:

There is no VMERS meeting currently scheduled.

Respectfully submitted,

Cynthia L. Webster, Secretary to the Board